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Highly Labor-Intensive Public Works in Madagascar: Issues and Policy Options

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List of Acronyms

AGEX	Executing Agencies [*Agences d'exécution*]
BNGRC	National Disaster and Risk Management Office [*Bureau National de Gestion des Risques et des Catastrophes*]
CARE	Cooperative for Assistance and Relief Everywhere
CCPREAS	Coordination Unit for Economic Recovery and Social Action Projects [*Cellule de Coordination des Projets de Relance Economique et d'Action Sociale*]
CRGRC	Regional Disaster and Risk Management Committee [*Comité Régionale de Gestion des Risques et des Catastrophes*]
CRIC	Disaster Relief Committee [*Comité d'intervention en cas de catastrophe*]
CRS	Catholic Relief Services
DRDR	Regional Directorate for Rural Development [*Direction Régionale de Développement Rural*]
EPM	Periodic Household Survey [*Enquête Périodique auprès des Ménages*]
FFW	Food-for-Work
FID	Development Intervention Fund [*Fonds d'Intervention pour le Développement*]
GDP	Gross Domestic Product
GTDR	Working Group on Rural Development [*Groupe de Travail de Développement Rural*]
HCI	Highly Capital Intensive [*Haute Intensité d'Equipement*]
HLI	Highly Labor Intensive
HLI-MPA	HLI – Microproject Assocation
ILO	International Labour Organization
INSTAT	National Statistical Institute [*Institut National de Statistique*]
L	Labor
MAP	Madagascar Action Plan [*Plan d'Action pour Madagascar*]
MGA	Ariary (local currency)
NGO	Non-Governmental Organization

NORAD	Norwegian Agency for Development Cooperation
ONN	National Nutrition Office [*Office National de Nutrition*]
OPCI	Intercommunal Public Cooperation Office [*Office Public de Coopération Intercommunale*]
ORN	Regional Nutrition Office [*Office Régional de Nutrition*]
PCD	Communal Development Plan [*Plan Communal de Développement*]
PNNC	National Community Nutrition Program [*Programme National de Nutrition Communautaire*]
PRD	Regional Development Plan [*Plan Régional de Développement*]
PRSP	Poverty Reduction Strategy Paper
SEECALINE	Community Nutrition II Project [*Surveillance et éducation des écoles et des communautés en matière d'alimentation et de nutrition élargie*]
SL	Skilled Labor
SME	Minimum Wage [*Salaire Minimum d'Embauche*]
SMIG	Minimum Wage Stipulated by Law [*Salaire Minimum Interprofessionnel Garanti*]
SNDS	National Statistics Development Strategy [*Stratégie Nationale de Développement de la Statistique*]
SNGRPS	National Strategy for Risk Management and Social Protection [*Stratégie Nationale de Gestion des Risques et de Protection Sociale*]
SNISE	MAP National Integrated Monitoring and Evaluation System [*Système National Intégré de Suivi & Evaluation du MAP*]
SP	Social Protection
SR/SP	Shock Responses/Social Protection (FID)
SSN	National Statistics System [*Système Statistique National*]
US	Unskilled Labor
WFP	World Food Programme

Abstract

High labor intensive (HIMO) public works programs have been very popular in recent years in Madagascar. They have been one of the most common safety net programs used in Madagascar to address poverty and vulnerability. The objectives of these programs are to provide income support to the poor after natural disasters and during seasonal agricultural employment slack period (soudure), and to improve much needed local infrastructures. This paper assesses the effectiveness of HIMO interventions in addressing the needs of poor and vulnerable households using the data from 15 projects implemented between 2006 and 2008 by several agencies. The main finding of this study is that despite their great potential, HIMO projects have shown the following limitations in the Madagascar context: a) lack of coordination among projects implemented by different agencies; b) ineffective targeting and poor selection of projects; c) lack of monitoring and supervision. The paper identifies four areas for improvement: a) better harmonization and coordination of HIMO projects to ensure consistency of approaches among interventions; b) better geographical targeting and selection of projects; c) setting the wage rate according to the local socio-economic conditions to promote self selection of the poor; d) better collection of information for monitoring and evaluation of the impact of projects.

Keywords:
High labor intensive public work programs, HIMO, workfare, wage rate, safety nets, income transfer, targeting, monitoring and evaluation, Madagascar

JEL Classification:
H55 - Social Security and Public Pensions
I38 - Government Policy; Provision and Effects of Welfare Programs
J2 - Demand and Supply of Labor

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Preface

The drafting process of this study, which is a product of team effort, started in 2007. We would like to thank the many organizations working actively in the area of social protection and HLI public works projects in Madagascar. In particular, we would like to express our appreciation to the many communities, *fokontanies*, communes, government officials, and HLI project financing and executing agencies that provided us with data**.**

This study is part of a larger work program on the labor market conducted by the World Bank (AFTH3) in Madagascar.

We would like to thank Messrs. Carlo Del Ninno and Stefano Paternostro, *World Bank officials*, for their commitment to the work related to this study. We would also like to express our gratitude to Dr. Dorothée Myriame Rasoaranto Ravelonirina, *Director General for Social Protection*, and Mr. Marcel Ramahavita, *Director for Social Protection in the Ministry of Health, Family Planning, and Social Protection*, for their contribution to our work.

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Executive Summary

In recent years, highly labor-intensive (HLI) public works projects have gained popularity in Madagascar. The objective of these programs has been to provide a source of income to the poor during critical periods such as those following natural disasters, to address the lack of seasonal employment during the season of penury [*période de agricultural slack season*], and to improve local infrastructure.

Malagasy households are the victims of various climate-related, economic, health-related, and social shocks that place them at risk of sliding into or remaining mired in poverty. The main covariant shocks are political instability, fluctuations in the prices of rice and other traditional products, natural disasters, and plant and animal diseases, while the primary idiosyncratic shocks are health crises, student dropouts, unstable employment, and insecurity (Del Ninno, Mills, and Rajemison 2004).

Available safety net programs are unable to respond to poverty and vulnerability in Madagascar. A study of safety net social programs (Ravelosoa and Key, 2004) revealed a number of deficiencies in different programs in Madagascar, namely:

- Inadequate monitoring and evaluation of outcomes and effectiveness;
- Lack of social protection policy coordination, given the plethora of actors involved;
- Inadequate social protection public resources and linkage with donor funding;
- Dearth of mobilized funding, which reduces the sustainability of programs;
- Management problems and low capacity levels;
- Insufficient number of programs relative to the risks and vulnerabilities addressed by these programs;
- Problems associated with the targeting of intervention zones and the beneficiaries in these zones; and
- Lack of clarity with respect to the determination of wages for HLI projects, resulting in the exclusion of a number of targeted beneficiaries.

Despite their potentially broad scope, highly labor-intensive public works projects face significant limitations in the Malagasy context. These limitations include ineffective targeting, lax monitoring and evaluation, and a lack of coordination among HLI projects implemented by the different agencies.

The lessons learned from developing countries around the world attest to the capacity of public works to help the poor cope with the covariant risks linked to climate and systemic shocks (Subbarao, 2003; Del Ninno, Milazzo and Subbarao, upcoming publication).

The Government recently strengthened its commitment to assist poor households with the prevention, mitigation, and ability to cope with these shocks. The Poverty Reduction Strategy Paper, submitted by the Government in 2003, calls for a national social protection strategy that accords a central role to risks and vulnerabilities in order to reduce poverty and strengthen human capital in Madagascar. In order to enhance the efficient execution of social protection policy, the Government (in conjunction with the stakeholders and technical and financial partners), developed a National Strategy for Risk Management and Social Protection [*Stratégie*

Nationale de Gestion des Risques et de Protection Sociale SNGRPS] in 2007. One of the SNGRPS priority sectors is **increasing the income of vulnerable groups** and identifying HLI projects as interventions. This work should be harmonized and continued in order to respond to heightened vulnerability during pre-harvest periods and in the aftermath of natural disasters.

This report is a continuation of the study conducted by Johnson, Van Imschoot, and Andrianjaka (2007). It analyzes detailed information related to 15 HLI projects executed in the past two years by several agencies, with the aim of assessing their effectiveness relative to the needs and vulnerabilities of poor households in Madagascar.

The main findings of this analysis are as follows:

- HLI projects are carried out by several agencies with different objectives in mind. The common objective is the creation of temporary employment opportunities, with a few agencies (FID and WFP) focusing on emergency responses to natural disasters and other shocks. The secondary objective is typically to improve access to basic infrastructure.
- Depending on the specific nature of the shocks affecting various regions of the island, HLI projects are usually implemented after the rainy season and during the season of penury. However, the duration of work (most often between 10 and 30 days and up to three months in the case of ILO projects) is often too short to have an appreciable effect on the income of the most vulnerable households. During project visits, the number of persons seeking jobs was found to be much higher than jobs available. As a result, a rotating system was used almost everywhere in order to provide employment opportunities to as many of the poor as possible.
- The work performed involves the construction and/or repair of basic infrastructure (roads, irrigation canals, small dams, bridges), clean up of canals and routes, and tree planting and reforestation. This work is generally highly labor-intensive (about 80 percent), with the exception of projects executed by the ILO, where the share of non-wage expenses is higher, with wage costs ranging from 23 percent to 42 percent of total program costs and a large portion of these wages being paid to more skilled workers.
- In most of the projects reviewed, the hourly wage for unskilled workers is higher than market wages, the result being that workers who are in a comfortable position compete for the limited number of HLI jobs in the same zones. Several targeting approaches are used by the different agencies in Madagascar, which are generally not effective in selecting the poorest zones and the most needy population groups. The SNGRPS has revealed that in order to cope with shocks, the more comfortable households have a higher participation rate in HLI projects than the poor. The fact that wages are so high can make targeting less effective by excluding the poorest from the self-selection process for these projects.
- Communities (represented by *fokontany* or commune) have an important role to play in the selection and proposal of work to be conducted. Projects require the approval of the local administrative authorities (each executing agency must obtain the approval of the different authorities). To be approved, projects must meet a number of criteria outlined by the various executing agencies (technical feasibility, availability of materials, minimum labor-intensive component, project eligibility, etc.).
- Several entities have received financing and have been involved in the design and execution of HLI projects in an uncoordinated manner.

- Poor quality of the infrastructure built or repaired using HLI projects. Project visits revealed that a number of executing agencies lack the technical capacity to supervise work.
- Absence of a system for reviewing data collected on HLI projects (breakdown of figures on wages, materials, and other input costs as well as household data, etc.) makes it impossible to assess their impact and thus identify areas requiring improvement.

Based on the individual analysis of HLI projects, a number of priority improvement zones have been identified and grouped into four categories of strategic recommendations:

✓ **Improved harmonization and coordination of HLI projects.** In order to be an effective national social policy mechanism for responding to highly vulnerable situations in Madagascar, HLI interventions should be harmonized through application of the same criteria and norms across the board. As underscored in the SNGRPS, an effort should be made, in the short and medium term, to clarify and harmonize objectives and criteria (such as wage levels, intervention zones, and intervention triggers) with respect to current HLI programs. The capacity of the Government (and its centralized units) to coordinate HLI project execution should be reviewed and enhanced in order to ensure that interventions are effective and consistent.

✓ **Geographic targeting and choice of projects.** To boost the impact on the poor (through revenue transfer and, indirectly, through assets created), resources should be allocated to the poorest zones (which are often those most vulnerable to shocks), using a sophisticated poverty map. The most vulnerable populations are found in rural zones, isolated communities, and communes with substandard infrastructure, where poverty rates are higher. The identification of intervention zones should be followed by the identification of the poorest groups in these zones.

The role of local communities in selecting the infrastructure to be built or repaired through HLI projects should be continued and strengthened, with a view to ensuring the sustainability of assets created.

✓ **Payment of wages conducive to self-selection by the poor.** If HLI projects are to transfer revenue to the poor and most of the vulnerable population by providing temporary employment opportunities, the hourly wage for unskilled workers should not be higher than the market wage. Given the significant differences in average income in regions, the setting of a uniform rate for all regions of Madagascar would be inappropriate. The level of remuneration can be adjusted to suit local socioeconomic conditions but should always be lower than the corresponding market rate. Specific rules and standards should be established with respect to the project policy harmonization process.

✓ **Improved monitoring and collection of data to assess the impact of HLI projects.** A system for monitoring and evaluating outcomes should be established in order to facilitate the systematic evaluation of programs and identify problems and areas for improvement, with a view to strengthening further the social protection system and laying the groundwork for streamlined planning.

I. Introduction

Since the late 1980s, several HLI public works programs have been carried out in Madagascar. These HLI programs have been used primarily to mitigate the harmful effects of crises (natural disasters, socioeconomic crises, etc.), and thus reduce the vulnerability of poor households.

The rationale for public works programs in low-income countries is based on five factors (Subbarao, 2003):

- The programs facilitate the transfer of revenue to poor households. In countries with high unemployment rates, transfers can stave off the exacerbation of poverty, particularly during critical periods.
- Depending on their timing, public works programs can also permit households to cope with the host of consumption shortages they may face (for example, during the season of penury or in the wake of multiple of covariant shocks).
- Through well-designed "workfare programs," the necessary infrastructure can be built or repaired, thereby narrowing the gap between public expenditure on revenue transfer and public expenditure on development.
- The durable goods created by these programs have the potential to generate employment benefits as an indirect effect while the necessary infrastructure is put in place.
- Programs can be targeted in specific geographic zones that have high unemployment and poverty rates. Poor zones and communities can benefit directly from the program (in terms of the transfer of benefits), as well as indirectly (in terms of the material goods created or restored by the program).

Malagasy households, particularly those living in rural areas, are subject to a range of shocks and vulnerabilities that have placed them at risk of slipping into or remaining mired in poverty. The majority of the population (three-quarters of Malagasy households) engages in agricultural activities and is therefore dependent on seasonal employment. Public works programs, if well-designed and implemented, can have a considerable impact on Madagascar. HLI interventions should be used to reduce the vulnerability of the poor by creating temporary employment in order to prevent and respond to the effects of natural disasters and socioeconomic shocks and to contribute to local development by expanding their access to basic infrastructure (roads, irrigation systems, primary schools, etc.).

This document will attempt to demonstrate the extent to which HLI projects can be used to meet permanent and/or temporary employment needs in the wake of shocks (natural disasters, a major economic crisis, and other similar disasters affecting all regions and/or communes). The document is a follow on to the study done by Johnson, Van Imschoot, and Andrianjaka (2007). Overall information on HLI programs for 2005/2007 was collected from the main organizations that focus on this HLI approach, namely:

- Development Intervention Funds (FID) – SR/SP component;
- The National Nutrition Office (ONN);
- The Coordination Unit for Economic Recovery and Social Action Projects (CCPREAS);
- The International Labour Organization (ILO), with NORAD financing;

- The World Food Program (WFP);
- Catholic Relief Services (CRS); and
- CARE International.

This information should facilitate assessment of the effectiveness of HLI projects, with a view to reducing significantly the job shortage on the labor market.

The second section reviews the main risk and vulnerability factors in Madagascar. The third outlines the HLI approach and its role in the context of the SNGRPS in Madagascar. The fourth section presents the project data collected and analyzes conceptual frameworks (wages, timing, duration, labor intensity), and institutional frameworks (the various stakeholders involved in project funding, design, and execution). The fifth section identifies the problems and also presents the scant evidence available on the effectiveness and outcomes of the projects. The final section provides a number of policy recommendations.

II. Poverty and Vulnerability in Madagascar

This section provides an overview of the macroeconomic context and major risks and vulnerabilities faced by Malagasy households, with the aim of providing an understanding of potential impacts and the role of HLI interventions in the SNGRPS.

2.1. The Macroeconomic Context and Poverty Trends

After a long period of stagnation, the Malagasy economy has been showing gradual signs of improvement since 1995. Macroeconomic developments have been closely associated with poverty reduction in urban zones, where the poverty rate has declined from 63 percent in 1997 to 44 percent in 2001 (see Table 1). As Table 1 indicates, the rural area has not benefitted from the gains associated with economic growth, and rural poverty rates have remained very high (affecting more than three-quarters of the rural population).

The 2002 crisis had a very serious social and economic impact. That year, the poverty rate stood at almost 81 percent, GDP fell by 12.7 percent, and the inflation rate increased by 13.5 percent. Poor farmers, newly unemployed persons in the formal sector, and persons living in extreme poverty in urban areas were particularly hard-hit by the crisis (SNGRPS, 2007).

Table 1: Poverty Trends, 1997-2005

Poverty Indicators	1997	1999	2001	2002	2003	2004	2005
Poverty (% of the population)							
National	73	71	70	81	74	74	68.7
Urban	63	52	44	62	52	54	52
Rural	76	77	77	86	80	80	73.5
Extreme Poverty (% of the population)							
National	63	62	59	62			
Urban	54	43	32	38			
Rural	66	67	67	70			

Source: SNGRPS, 2007.

After a considerable increase in the incidence of poverty in 2002 (more than 80 percent), the 2003 economic recovery (with a GDP growth rate of 9.8 percent) reduced the poverty rate to 74 percent. Overall, **approximately 70 percent of the population is poor and roughly 60 percent lives in extreme poverty**. Poverty is widespread in rural zones, where shocks produce a lasting effect on the well-being of households. Eighty percent of the poor in Madagascar live in rural zones and more than two-thirds of the rural population lives in extreme poverty. The poorest socioeconomic groups are found in households headed by small or medium farmers.

2.2. Shock and Vulnerabilities

Malagasy households face a variety of environmental, social, health, and economic shocks, which heighten their vulnerability to poverty and can temporarily or permanently affect their well-being. The most common types of covariant shocks include (i) environmental and climatic shocks such as cyclones, floods, and droughts that often affect one part of the island. These shocks can have a particularly significant impact on the well-being of households in rural zones that rely on agriculture; (ii) social and political instability, as demonstrated by the 2002 political crisis; (iii) macroeconomic shocks such as a decline in terms of trade, and fluctuations in commodity prices (rice, coffee, vanilla, clove); and (iv) loss of production and revenue owing to phytosanitary and epizootic diseases. The biggest shocks affecting individuals or households are health-related (several serious diseases such as malaria, tuberculosis, HIV/AIDS, and cholera can be found in Madagascar), malnutrition (which poses the greatest risk among children under age 3, particularly during the period of low agricultural productivity),[1] education (school failure or dropout makes households more vulnerable to poverty in the future), and employment instability.

[1] Caloric intake declines considerably during the season of penury, particularly in the poorest households. During the season of penury, when the rate of malnutrition is 15 percent higher, poor urban households reduce their caloric intake by 5 percent, and rural households, by 11 to 12 percent (SEECALINE, *Evaluation of the Food and Nutritional Situation in Madagascar*, 1996).

A study done by Del Ninno, Mills, and Rajemison (2004) identifies the characteristics of households that best reflect poverty and can be used as indicators of vulnerability. Table 2 shows the incidence of poverty based on various household groups. Engaging in agricultural activity is a major indicator of vulnerability to poverty. Twelve million persons or 73 percent of households engage in agriculture. These households have a higher poverty rate (81 percent) compared to those households that do not engage in agricultural activity (33 percent). Eleven percent of households do not have any individuals working full time, and the poverty rate in such households stands at 84 percent. Households with primary school age children who do not attend school and those headed by illiterate adults account for approximately one-quarter of all households and have higher rates of poverty than those where such characteristics are absent.

Table 2: Household Vulnerability Indicators

	Households (%)	Persons (%)	Number of persons affected	Poverty rate	
				With (%)	*Without (%)*
Agricultural activity	73	77	12,013,054	81	33
Underemployed/unemployed	11	7	1,141,111	84	69
Child not attending school	24	32	4 ,992,713	89	61
Adult who did not attend school	25	21	3,265,451	83	66
Children under age 3	37	45	7,084,472	78	63
Female head of household	16	11	1,657,430	71	70
Disabled adult	2	2	289,655	76	70
More than 7 persons	20	36	5,617,570	84	62

Source: Del Ninno, Mills and Rajemison, 2004.

In terms of communes, infrastructure availability is a key indicator of vulnerability. Table 3 shows that poverty rates are higher in communes that do not have social infrastructure than in schools, health centers, agricultural extension services, and transportation and communication infrastructure.

Table 3: Infrastructure in Communes and Poverty Rates

	% of persons in communes with access	Number of persons without access	Poverty Rate	
			With (%)	*Without (%)*
Social and Agricultural Infrastructure				
Health center	2	283,680	70	87
Hospital	75	11,704,322	47	78
Lower level secondary school	23	3,542,770	65	85
Higher level secondary school (high school)	69	10,856,601	42	85
Agricultural extension services	58	9,035,204	60	77
Veterinary services	55	8,589,340	57	81
Transportation and Market Infrastructure				

National road	40	6,251,367	61	84
Access by truck	28	4,355,589	64	85
Access by cart	40	6,204,364	64	78
Access by foot	11	1,739,102	68	87
Seasonal market	75	11,735,022	68	77
Wholesaler	63	9,807,909	60	84

Source: Del Ninno, Mills and Rajemison, 2004.

III. Definition of HLI Public Works and Role in the National Social Protection Strategy

The use of the term HLI, depending on the type of document, is the subject of controversy. Public works programs are defined as those that provide **short-term employment at low wages** to skilled and unskilled workers to work on **highly labor-intensive** projects such as the construction of roads and the repair of irrigation infrastructure, reforestation, and soil conservation, and provide a minimum wage to the poor, thereby permitting the unemployed to join the work force (Subbarao, 2003).[2] This terminology was globally adopted by the World Bank's "Safety Net" team and, in the strict sense of the term, includes work that involves significant labor costs and targets the rapid transfer of revenue to workers.[3] In practice, this definition has been expanded to include public works which, without a doubt, are highly labor-intensive but also have other objectives, a longer duration, and other compensation methods (food, for example).

The HLI programs of the FID (financed by the World Bank), CCPREAS (financed by the Malagasy State), and the ONN (financed by the Malagasy State) fall into the category defined by the World Bank (duration generally not longer than one month and the proportion of wages to total costs ranging from 60 to 80 percent (see Table 4)). Using the ILO definition, these projects fall into the very highly labor-intensive (VHLI) category. Other HLI programs implemented by the ILO (with NORAD funding) provide employment for longer than two months and have a lower wage component (36 percent). The HLI programs of the WFP offer food in exchange for work by persons who are victims of climate shocks (cyclones, droughts, etc.) Other international NGOs such as CARE and CRS (funded by USAID, European Union, WFP, etc.) use a blend of "money-for-work" and "food-for-work" approaches.

[2] *"Systemic Shocks and Social Protection: Role and Effectiveness of Public Works Programs,"* Kalanidhi Subbarao, Social Protection Unit, World Bank, January 2003.

[3] *"Safety Net Programs in Madagascar: Strategic Issues and Options,"* Julia Rachel Ravelosoa and Roger Key, Consultants, Human Development 2, Africa Region, World Bank, June 2004.

Table 4: Job Creation in HLI Programs during the 2005-2006 Period

Agencies	Investment Costs (in Ar millions) *(a)*	Number of persons per day (in thousands) *(b)*	Wage bill (in Ar millions) *(c)*	Labor intensity *(d) = (c)/(a)*	Cost per person/per day (in Ar) *(e) = (a) / (b)*
FID	9,475.3	4,821.3	7,580.2	80 %	1,965
ONN	6,500.0	1,010.9	4,225.0	65 %	6,430
CCPREAS	13,018.4	4,280.3	9,192.9	71 %	3,041
ILO	6,725.3	1,037.9	2,450.5	36 %	6,480

Source: FID, ILO, ONN, CCPREAS, our own calculations.

In analyzing HLI work conducted by the main agencies, the nature of the work is the main factor in this typology definition exercise. The following works can be cited:

- Construction and/or rehabilitation of basic infrastructure (irrigation canals, small hydraulic dams, roads, alleys, etc.);
- Clean up activities (cleaning of roads or alleys, trash pick up, cleaning of irrigation canals or drains, etc.); and
- Environmental protection (planting of trees or reforestation, securing of dunes, etc.).

The other factor is the duration of work – less than one month, two to three months, and more than three months.

At this juncture, the confluence of these two factors gives rise to a host of different types of HLI work in Madagascar. However, in this study, we will make a distinction between two categories of HLI projects. The first category of HLI projects involves work that does not require the use of construction inputs and materials, such as clean up and environmental protection work. In this case, the labor component is very dominant, the work requires mainly unskilled labor, and its duration is short. Except in the case of the ILO, most agencies conduct this type of HLI work. The second category of HLI projects involves much more extensive use of materials and tools as well as skilled workers. The duration of these projects is longer.

3.1. The Impact of HLI Projects on Employment and the Economy

A comparative analysis of the execution methods of infrastructure work conducted in 2006 by the ILO (see Table 5) shows that the use of the HLI approach generated two and a half times as many direct and indirect jobs as opposed to the HCI approach. However, this analysis reveals that the HLI approach calls for less foreign currency than the HCI approach – 50 percent versus 71 percent for roads; 56 percent versus 76 percent for buildings; and 46 percent versus 73 percent for irrigated zones. Lastly, the HLI approach is much less expensive than the HCI approach. It is five and a half times less expensive than the HCI approach for roads, 55 percent less expensive for buildings, and three times less expensive for irrigated zones.

Table 5: Comparison of the Execution Methods for Certain Types of Infrastructure in 2005

Infrastructure Categories	Roads			Buildings			Irrigated Zones		Urban Roads
Execution Method	HLI	Semi - mechanized	HCI	HLI	Semi - mechanized	HCI	HLI	HCI	HLI
Total Labor	42.7%	30.2%	18.6%	34.9%	31.7%	12.0%	46.0%	16.1%	67.1%
Direct labor portion	*(26.5%)*	*(24.7%)*	*(7.9%)*	*(11.3%)*	*(13.4%)*	*(7.3%)*	*(13.7%)*	*(6.2%)*	*(33.0%)*
Foreign currency	49.9%	60.8	71%	56.3%	59.1%	76.3%	46.7%	73.1%	28.4%
Local materials	15.6%	9.8%	8.1%	33.6%	19.3%	3.4%	37.7%	2.6%	40.6%
Unit costs ($)	9,913 (km)	14,695 (km)	55,085 (km)	126 (m²)	186 (m²)	216 (m²)	306 (ha)	942 (ha)	24 (m²)

Source: "Comparative study of the different approaches used for various types of basic infrastructure work in Madagascar," Marc Van Imschoot, September 2006.

Following this, the impact of HLI projects on the Malagasy economy and the different effects of HLI and HCI technologies on economic variables (production, consumption, employment, public finance, and balance of payments) were demonstrated using the MADHIMO[4] model. By way of illustration, the tool facilitated identification of the salient points below in the case of an investment of Ar 164.4 billion (see Table 6).

Consequently, the method of execution (HLI, HCI) selected for specific infrastructure work in fact acts as a key determinant of the number of jobs created, the amount of local materials used, the wage bill, the amount of foreign currency taken in or paid out, the extent of the involvement of micro, small, and medium enterprises, and the unit cost of the investment in question.

Table 6: Comparative Analysis of the Investment Impact of Ar 164.4 billion on Infrastructure Work

(In Ar billions)

	HLI			HCI		
	Effect			Effect		
	Direct	Indirect	Total	Direct	Indirect	Total
Total Value Added	72.74	170.94	243.68	35.84	84.24	120.08
Consumption	60.22	191	251.22	29.68	94.12	123.8
Household Income	72.74	230.72	303.46	35.84	113.64	149.54
Public Deficit	-155.34	15.64	-139.68	-152.28	7.72	-144.56
Public Expenditure	-164.4	0	-164.4	-164.4	0	-164.4
Public Revenue	9.08	15.64	24.72	12.12	7.72	19.8
Import Duties	8.42	8.94	17.36	11.8	4.4	16.2
Taxes on Goods and Services	0	4.64	4.64	0	2.28	2.28
Income Tax	0.66	2.06	2.72	0.32	1.02	1.34
Balance of Trade	-91.66	-97.38	-189.04	-128.56	-47.98	-176.54
Job Creation	54,276.4	96,813.8	151,090.2	26,745.6	47,706.8	74,452.4
Coefficient			1.48			0.73

Source: Macroeconomic framework and potential of approaches based on employment and local resources, Eric Ramilison and Jean Gabriel Randrianarison, 2007.

[4] The MADHIMO model, a type of input-output model, simulates the macroeconomic impact of the HLI approach in Madagascar and was initially designed by Mireille Razafindrakoto in 1997.

3.2. The Contribution of HLI Projects to National Strategies

As indicated in the previous sections, poor households, which constantly weather a host of vulnerabilities, were hard-hit by the 2002 political crisis.

A National Strategy for Risk Management and Social Protection (SNGRPS) was developed in 2007 in order to "*better orient policies and public expenditure, with a view to reducing the vulnerabilities to which Malagasy households are exposed, and helping the Government reduce extreme poverty*." In light of the many risks that impact the well-being of Malagasy households, the SNGRPS identifies priority actions in order to allocate limited resources to zones where needs are most pressing. These include activities in the areas of education, health, nutrition, crisis response, and social readjustment.

The following are the key principles that underpin the SNGRPS: (a) risk-based prioritization. Resource capacity and execution constraints imply that in the short term, only the biggest risks and the most vulnerable population sectors should be targeted; (b) appropriate targeting of beneficiaries is essential in order to avoid very sharp increases in social protection expenditure, blunting of the impact, and distortion in the goods and services markets; (c) focusing attention on reduction and prevention; (d) complementarity with private risk management mechanisms; (e) harmonization with the decentralization framework – support for social protection to include, to the fullest extent possible, local community initiatives; (f) inclusion of civil society actors; (g) autonomy and subcontracting, with programs on the ground being executed by public and private entities selected on a competitive basis; (h) results-based monitoring and evaluation; and (i) systematic capacity-building efforts, starting with local communities and administrative authorities at all levels.

The fourth SNGPRS priority sector focuses on **increasing the income of vulnerable groups** and identifies HLI projects as an intervention that should be continued in order to respond to heightened vulnerabilities during the pre- and post-harvest periods and in the aftermath of natural disasters. The SNGRPS is subject to the constraint that in the short term, an effort will have to be made to clarify the objectives of existing HLI programs and to enhance their effectiveness. In the medium term, such criteria as pay scales, intervention zones, intervention triggers, and annual reports should be harmonized. A common manual of procedures used by all relevant agencies would be the logical complement to a clear HLI national policy.

IV. Analysis of HLI Projects

Using the general information on the different HLI programs as well as the detailed information on HLI projects from the FID, ILO, and ONN, an analysis will be done in this section of the main features of HLI projects in Madagascar.

4.1. Objectives of HLI Work

Table 7 below shows that the ***creation of temporary employment*** is the one of the chief objectives of HLI work, regardless of the period during which this work is done or its intervention zones. In fact, during the 2005-2006 period, the total number of persons/work days created through HLI work by four agencies, namely the ILO, FID, ONN, and CCPREAS, amounted to over 11.1 million (see Table 4). The 2007 study done by the ILO facilitated assessment of the impact of job creation on GDP, under the HLI model (see section 3.1).

The other main objective is improved access to basic infrastructure. The impact of infrastructure construction and/or repair is more difficult to gauge. Indeed, several parameters enter the picture when calculating the net benefits generated through use of this infrastructure created. To date, no impact assessment has been prepared on this subject in Madagascar.

Table 7: Main Objectives of HLI Projects by Agency

Agency	Main Objectives	Intervention Zones
FID	- Provide income and subsistence resources in exchange for work to the poorest victims of disasters and other shocks - Improve the living and environmental conditions of the people by financing HLI work	22 regions (with greatest emphasis on the regions of Anosy, Androy, SAVA, DIANA, Analanjorofo, and Atsinanana)
ONN	- Improve the quality of life of vulnerable populations, in particular in the area of nutrition, through job creation - Boost community productivity by creating and/or repairing hydroagricultural infrastructure - Mitigate the impact of disasters on production, harvested stocks, and nutrition through job creation	22 regions

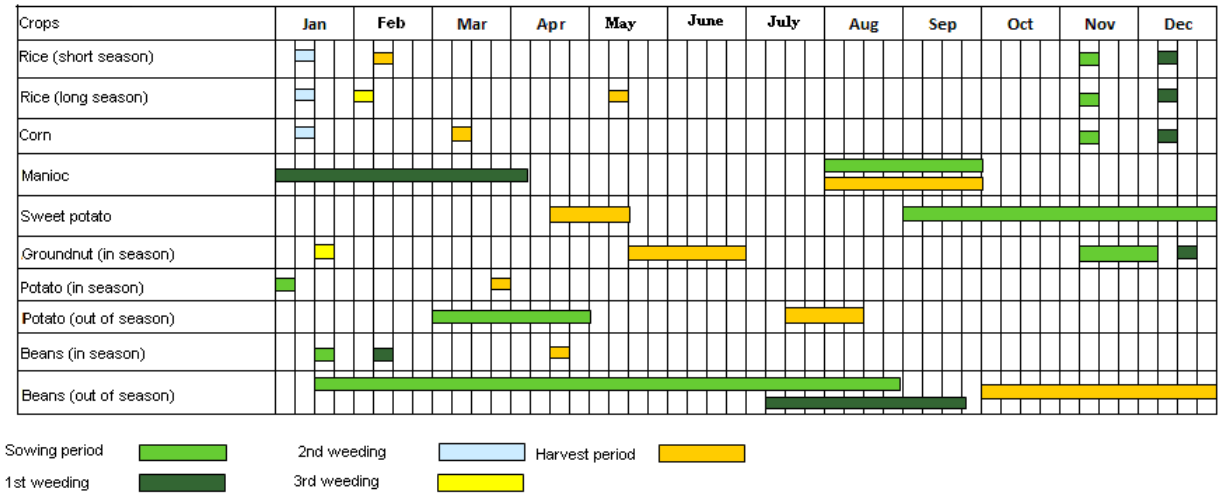
CCPREAS	- Create temporary employment through the HLI system - Carry out complementary, paid activities in rural zones - Improve the water supply system in rural zones - Restore basic infrastructure - Reduce the problems of the victims of natural disasters	22 regions
ILO (HLI - commune level)	- Create temporary employment - Build and/or repair dirt roads, irrigation canals, schools, urban roads, public toilets, and wells - Build the capacity of technicians in communes and neighborhood associations in economic and social infrastructure construction and maintenance zones - Build the capacity of operators in the Anosy region in the areas of design, monitoring and supervision, and execution of construction-related work/repair of economic and social infrastructure	8 communes in the Anosy region
WFP	- Build the capacity of the most vulnerable communities to cope with disasters and meet their basic food needs - Create and manage assets for development and environmental protection	Androy, Anosy, Atsimo Atsinanana and Atsimo Andrefana regions
CARE	- Build capacity for autonomy - Create economic opportunities - Provide assistance in emergency situations - Contribute to strategic decision-making at all levels - Combat all forms of discrimination	SAVA, Analanjirofo, Atsinanana, Atsimo Atsinanana, Androy, Anosy, and Analamanga regions
CRS	- Create complementary, paid activities in rural zones - Restore basic infrastructure - Reduce the problems faced by natural-disaster victims - Strengthen autonomous capacity	Regions chosen based on the needs expressed during meetings of GRC stakeholders with the BNGRC

Source: FID, ILO, ONN, CCPREAS, WFP, CRS, and CARE

4.2. Duration and Timing of HLI Work

The effectiveness of HLI public works programs lies, first and foremost, in their capacity to meet the needs of the poorest population groups by providing a source of supplementary income during critical periods, such as the season of penury,[5] or in the aftermath of shocks (natural disasters, sharp increases in inflation, etc.). The more work programmed during the season of penury, the greater the impact on reducing the vulnerability of the poor. In fact, during the season of penury, most rural households that engage in farming face a problem of food insecurity. The southern part of Madagascar is chronically plagued by this food insecurity.[6] For example, in the Ambovombe district (Androy region), almost the entire population is plagued by this problem.[7] Depending on the region, this season of penury takes place at different points during the year, based on the schedules for the main crops of the different regions. In the Androy region where manioc is a basic food product, the season of penury runs from October to April, approximately, and overall, lasts for seven months (see Table 8). An analysis of the data provided in Table 9 therefore shows that the duration of work is inadequate when compared to the number of jobs created and the size of the very vulnerable population. The reverse occurs in the Anosy region, where food insecurity is slightly lower but which has a very high inflation rate as a result of the establishment of the QMM mining project.

Table 8: Planting Schedule in Madagascar



In the north and north-east regions of Madagascar, which are often hit by cyclones, the window for executing HLI projects generally corresponds to the post-cyclone season (from May). The quality and sturdiness of the infrastructure built and/or repaired (for example, roads) is guaranteed, given that work takes place during the dry season in Madagascar.

[5] The season of penury corresponds to the period during which farmers can no longer meet the food needs of their families with their own agricultural produce.
[6] This situation is also called "Kere."
[7] See the logs of the Network of Rural Watchdog Agencies [*Réseau des Observatoires Ruraux* RORs].

Table 9: Period and Duration of HLI Work

Region	HLI Project	Agency	Period of Execution	Duration of Work
Analamanga	Project No. 1	FID	May - June	20 days
Anosy	Project No. 2	ILO	May - August	75 days
	Project No. 3		May - July	71 days
	Project No. 4		April - May	70 days
Androy	Project No. 6	FID	February	20 days
	Project No. 7		February	30 days
	Project No. 8		March	20 days
	Project No. 9		April	15 days
SAVA	Project No. 11	FID	May	15 days
DIANA	Project No. 14	FID	May	10 days
	Project No. 15	ONN	April - May	25 days

Source: FID, ILO, ONN

In order to optimize their impacts, the categories of projects need to be adapted in a way that allows for implementation during the season of penury, which generally coincides with the rainy season.

4.3. Wage Levels

Entities under the oversight of the Office of the Prime Minster or Ministries (FID, ONN, CCPREAS) pay the same wages: Ar 1,500 for unskilled labor, Ar 2,250 to Ar 2,500 for skilled labor, and Ar 3,000 for the worksite supervisors. The ILO/NORAD HLI program at the commune level pays slightly higher rates, given that it adds a 12 percent supplement to gross wages, designated as "paid leave." Other entities such as CARE pay very different wages depending on intervention zones, which are well above those paid by most organizations involved with HLI work. Wages paid to unskilled workers range from Ar 2,000 to Ar 5,000, while skilled workers receive double this amount[8] (Johnson, Van Imschoot, and Andrianjaka, 2007).

Wages are a key factor in assessing the degree of self-selection of the poor into HLI projects. An analysis of Table 10 shows that only in the DIANA region was the daily wage of an unskilled worker involved with FID and ONN HLI projects lower than the market wage and the guaranteed minimum wage for 2007.[9] Of these projects visited in June 2007, the wages of unskilled workers in the SAVA and Analamanga regions were closer to market wages and in the

[8] It should also be noted that CARE workers are required to work 8 hours per day, compared to 5 hours per day in most other projects.
[9] Decree No. 2007-246 of March 19, 2007.

other regions, they are higher than market rates. This situation creates both advantages and disadvantages. Indeed, given that this process entails the transfer of revenue to the poor, the higher the wages, the greater the impact, in theory, on improving their standard of living. However, there are a number of disadvantages to this policy: interest is not necessarily restricted to the poorest persons, given that the work can also attract persons who are less poor and accustomed to piece-work. Furthermore, this system can create competition between HLI work and other work taking place at the same location.

Table 10: Comparison of Wages Paid to Unskilled workers by HLI Projects, Market Rates, and the SMIG by Region and Agency

Region	Agency	Daily Wage Paid by HLI Projects (in Ariary) *(a)*		Market Daily Wage (in Ariary) *(b)*		Minimum Daily Wage stipulated by Law (in Ariary) *(c)*		Comparison of Wages	
		SL	**UL**	**SL**	**UL**	**SL**	**UL**	**SL**	**UL**
Analamanga	FID	2,500	1,500	3 ,478	1,506	2,008	1,833	a < b and > c	a ≈ b < c
Anosy	ILO	2,464	1,792	3,431	1,027			a < b and > c	a > b and < c
	CARE (d)	10,000	5 ,000					a > b and > c	a > b and > c
Androy	FID	2,500	1,500	1,421	1 ,027			a < b and > c	a > b and < c
SAVA	FID	2,500	1,500	3,161	1,461			a < b and > c	a ≈ b < c
DIANA	FID	2,500	1,500	3,163	1,812			a < b and > c	a < b ≈ c
	ONN	2,250	1,500					a < b and > c	a < b ≈ c

Source: FID, ILO, ONN, CARE, EPM 2005, and our own calculations.

Note: (a) 1 work day = 5 hours *SL= Skilled labor*

(b) 2005 EPM Data *UL = Unskilled labor*

(c) Minimum wage in accordance with the decree issued in 2007

(d) Persons working on CARE Projects have an 8-hour work day

4.4. Targeting

At this juncture, one question arises: have these HLI projects truly targeted the poorest and most vulnerable? Despite the different criteria stipulated by the various agencies (see Table 11), we are unable to determine whether or not the workers targeted are poor/vulnerable, despite the fact that the literature on this subject indicates that a low wage attracts, for the most part, the poorest (self-selection).

Table 11: Criteria for Targeting Workers for HLI by Agency

Agency	Criteria for Targeting Workers
FID	- Voluntary basis - Priority given to women
CCPREAS	- Selection of workers on the basis of a list prepared by executing agencies with the assistance of officials in intervention communes and *fokotanies*
ONN	- Priority accorded to the parents of children who go to PNNC sites - Priority accorded to persons from the poorest households - Selection of workers based on a list prepared by *fokotany* chiefs (in collaboration with the liaison official or community agent for nutrition)
ILO/NORAD	- Selection of workers based on a list prepared by *fokotany* officials and other prominent persons - Priority accorded to female single-parent households and large families (more than six persons)
CRS	- Selection of workers based on a list prepared by the local authorities - Priority accorded to women who are breastfeeding or living alone

Source: Author (in the report "Conception d'une stratégie de travaux HIMO réalisés dans le cadre de la Protection Sociale" [Design of a HLI work strategy executed in a social protection context] June 2007)

In recruiting workers, priority is often given to women. Gender sensitivity is justified by the fact that in rural zones, the poverty level is higher among female-headed households. Also, the 2005 EPM survey showed that unemployment is higher among women than men. Executing agencies check to ensure conformity with the criteria stipulated for the selection of workers for HLI projects. In our sampling of 15 projects, the participation of women in FID projects ranged from 50 percent to 90 percent, while the participation of women in ILO projects stood at 30 percent, on average.

4.5. Labor Intensity

Labor intensity, that is, the proportion of wages in relation to total project cost, is an important factor in the effectiveness of public works projects (see section 3.1 for a comparison between the various production methods). Labor intensity is contingent on a number of factors, among them, the assets to be created, the availability of procedures that are based on technically and economically feasible work, wages, and the ability of the agency to budget non-wage costs accurately (Del Ninno, Milazzo, Subbarao, 2003).

The analysis conducted at the start of the study shows the sizeable amount allocated to the wages of workers: between 65 percent and 80 percent of the total cost of the project for the FID, CCPREAS, and ONN, and a smaller proportion (close to 35 percent) for the ILO (see Table 12). The types of work to be done explain the percentage difference allocated to worker wages. Indeed, road construction work calls for much more construction material and requires specialized workers (masons, etc.). Cleaning canals or environmental protection work, however,

calls for fewer technical skills and utilize the maximum number of unskilled workers. For example, ILO Project No. 3 (see Annex 1), entails paving a road and building sanitation facilities requiring significant use of materials that represent more than 70 percent of the total project cost. However, for a number of FID projects, a portion of the funds generally allocated to worker remuneration is repurposed as construction material (pavement, cobblestones, etc.) in order to be able to follow the guidelines of 80 percent (wages), 12 percent (materials), and 8 percent (management costs) stipulated by the FID. From an accounting standpoint, stone paver wages are included in the prices of paving stones supplied.

Table 12: Costs per Person/per Day and per Beneficiary by Agency

Region	HLI Project	Agency	Number of Workers	Number of Persons/per day	Wage Costs (in Ariary) *(a)*	Total Cost (in Ariary) *(b)*	Labor Intensity
Analamanga	Project No. 1	FID	300	6,000	9,420,000	11,774,500	80%
Anosy	Project No. 2	ILO	123	9,200	31,715,488	139,745,088	23%
	Project No. 3		65	3,438	7,196,448	25,340,448	28%
	Project No. 4		70	4,239	9,804,868	23,508,568	42%
Androy	Project No. 6	FID	300	6,237	9,744,541	12,180,677	80%
	Project No. 7		633	4,626	7,778,200	9,723,320	80%
	Project No. 8		499	5,031	7,937,200	9,926,720	80%
	Project No. 9		141	2,113	3,294,500	4,113,950	80%
SAVA	Project No. 11	FID	309	4,641	7,176,500	8,970,625	80%
DIANA	Project No. 14	FID	338	3,376	5,229,000	6,536,250	80%
	Project No. 15	ONN	353	9,182	13,772,500	16,622,000	80%

Source: FID, ILO, ONN and our own calculations.

Although detailed information is not available, the labor intensity of projects implemented by CARE cannot be considered higher when compared with other projects implemented by other agencies. CARE justifies the low level of labor intensity by pointing to the need to use quality materials in order to achieve sustainable results. However, this explanation is at odds with the objective of HLI projects, namely, to transfer funds to vulnerable populations sectors (Johnson, Van Imschoot, and Andrianjaka, 2007).

4.6. Institutional Frameworks

HLI activities must be part of a national risk management and social protection strategy. It is for this reason that they should be presented as a clearly defined, targeted, and regulated national instrument in order to guarantee the strategy's success. At the same time, an HLI project is, in many ways, an indication of decentralized development. The beneficiaries must take ownership of the fruits of their labor if they are to use and maintain the product over the long term. As a development project, it should also contribute to Communal Development Plans (PCDs). Government decentralization also calls for HLI activities that contribute to Regional Development Plans (PRDs) and to the plans of the Technical Deconcentrated Services (STDs). Given that HLI activities are generally not managed by national or regional offices, this assistance is based on policy coordination and good practices, which must then be codified in the form of legislation.

Public works projects require a combination of several types of technical, managerial, and labor support, which is somewhat limited in public institutions in African countries (Subbarao, 2003). As Table 13 shows, the 15 HLI projects reviewed were implemented by several public sector partners, donors, and the private sector. Several institutions, with varying capacities, are involved with project financing, design, and execution.

The selection criteria of executing agencies vary by design agency. Apart from the work carried out by state-controlled entities (that is, the design agencies themselves), executing agencies are proposed and/or selected by design agencies:

- In most instances, the FID opts for NGOs operating in the region of the intervention site. However, the executing agencies do not always have the requisite expertise to carry out infrastructure work. Executing agencies must meet the following criteria:
  - Be legally constituted under Malagasy law for at least three years;
  - Have a permanent accounting unit and sound accounting practices;
  - Have effectively and verifiably implemented the activities listed in the application; and
  - Provide proof of generation of a financial surplus in the past year.
- The ILO HLI communal project uses an executing agency (MRL-HLI) that specializes in the HLI approach and possesses more than 10 years of experience.
- The selection criteria used by the CCPREAS for the selection of executing agencies are similar to those of the FID, namely:
  - Legal constitution and official recognition;
  - At least two years of experience carrying out community development operations;
  - At least two years of experience in carrying out and/or of training in HLI work;
  - At least two years of involvement in charitable activities; and
  -The ability to transfer to local communities or organizations expertise related to organization, promotion, and management.

Table 13: **Financing, Implementing, and Executing Agencies**

Design Agency	Financing Agency	Executing Agency	Regions
FID (Responses to shocks/social protection component)	World Bank	SOMIAFARA Association	Analamanga
		MAMI Association	Androy
		CARITAS Association	Androy
		Somontsoy Association	Androy
		GRADESS Andapa Association	Sava
		SAF-FJKM Association	Diana
		SAF-FJKM Association	Sava
ILO (Communal HLI)	NORAD	MRL-HLI Association	Anosy (3 projects)
CARE	European Union	CARE	Anosy
		CARE	SAVA
		N/A	SAVA
	ECHO, WFP, USAID Program	CARE	SAVA
ONN	Malagasy Government	ONN	DIANA

4.7. Identification and Approval Process of HLI projects

The role of grassroots communities, represented by villages, *fokotanies*, and communes, is key to the identification and choices of HLI work (see Table 14). Almost all agencies stipulate that requests must come from grassroots communities, with support from executing agencies, in some instances. For some, but not all agencies, HLI work to be performed must be included in the Communal Development Plan (PCD) in order to be eligible.

Once projects have been identified, the approval of local authorities and associated administrative entities is required. In the case of disaster-related work, the approval of the Natural Disaster and Risk Management Office [*Bureau National de Gestion des Risques and Catastrophes* CRGRC] is necessary.

Different project selection criteria have been put in place by each agency. However, the criteria prepared by the ILO Communal HLI program in the Anosy region bear noting. In fact, all possible criteria, from the choices of *fokotanies* to project choices and prioritization, have been adopted – 14 criteria and 54 indicators (See Annex 2). This calls for on-site survey activities and an in-depth analysis of data collected.

Table 14 : Summary of the HLI Project Selection Processes by Agency

	FID	ONN	CCPREAS	ILO (Communal HLI in the Anosy Region)	WFP
Who proposes the projects?	• Identification of the work to be included in the HLI project file by the *fokontany* or the commune • Selection of the Executing Agency (EA) by the *fokontany* or the commune, the FID Inter-Regional Directorate (if the *fokontany* or the commune so requests) – Priority accorded to the locally based EA • Preparation of the project file by the EA	• Identification of the project by the villagers, the *fokontany*, the commune, or the region • Preparation by the initiators of the request for works	• Identification of HLI work is done by the commune or faith-based organizations • These project initiators are assisted by an executing agency (faith-based NGOs or associations, or other) approved by the CCPREAS	The project is initiated by the *fokontany* or the commune (8 communes in the Anosy region are beneficiaries of the Communal HLI program)	• The requesting communities, which meet as general assemblies or committees of leaders, composed of representatives from all socio-professional categories, which work together to identify the main problems they must face regularly and prioritize the activities for which food support will be required • The village group requesting the project must be supported by a WFP-mandated partner (local, national, or international NGO)
What are the roles of the projects in the development plan at the local level?	• HLI work is not necessarily included in the Communal Development Plan (PCD). • They may be defined on the basis of on-site observations made before the preparation of the project file or in the aftermath of natural disasters • The commune initiating the project must be declared a "disaster area" by the BNGRC or the CRGRC in the wake of disasters	The proposed project must be included and programmed in the PCD and/or the PRD (Regional Development Plan)	Inclusion of projects in the PCD or PRD is not a requirement	Inclusion of the requested project in the PCD is taken into account in the project selection criteria	All activities supported by the WFP under the Food-for-Work (FFW) program must be aligned with the development plans such as the Communal Development Plan (PCD), the Regional Development Plan (PRD), or the Intercommunal Development Plan for the intervention zone

Who approves the projects?	• The project file prepared by the EA must first be validated by the initiators (*fokontany* or commune) • If the *fokontany* is the project initiator, the project must be approved by the local authority or the associated administrative entity: commune, district, region. Then, it will be finally validated by the BNGRC or the CRGRC, and, during finalization, by the FID Inter-Regional Directorate • If the commune is the project initiator, the project file must first be approved by the district and the same process is followed thereafter	• Request for approval submitted to the GTDR (Working Group on Rural Development), the DRDR (Regional Directorate for Rural Development), and the ORN (Regional Nutrition Office) • Once approval has been granted by these various entities, the project file is sent to the PSN Unit of the ONN • Approval from the BNGRC and the CRIC (Disaster Relief Committee) is required for urgent food interventions • The existence of the PNNC/SEECALINE site is one of the selection criteria for the intervention zone	Financing request initiated by the commune or faith-based organizations with EA support is submitted to the CCPREAS for approval	The project is approved by the Steering Committee for the Communal HLI project in accordance with criteria grouped into four interdependent stages (carried out on the basis of proposals made by the elected communal members of the OPCI): • Verification of the eligibility of the sites proposed by the communal authorities • Prioritization of eligible sites • Verification of the eligibility of projects on the selected sites • Prioritization of eligible projects	• The financing request may be sent directly to the WFP or to Agricultural Services, or via the advisors – facilitators in the identified risk zones, projects and NGOS operating in the region, or lastly, via the elected officials of the communes affected by food insecurity •The proposed project must be endorsed by the administrative authorities (*fokontany*, commune, district, region) of the intervention zone
What are the criteria used to approve the projects?	• Low-tech HLI project (80% for wages, 8% for remuneration to the Agency, and a maximum of 12% for equipment and materials) • Duration of works lasting less than four months • Project costing less than US$20,000 • Daily wage paid to unskilled workers set at Ar 1,500 for five hours of work	• The project file must relate to food security • The requested works are achievable using the HLI approach (the type of works, number of beneficiaries, use of a minimum of materials) • Priority accorded to hydro-agricultural development works and other projects having a direct impact on the nutritional status and food security of communities	•Works proposed by the HLI project initiators must be included on the list of eligible works drawn up by the CCPREAS (see details in Annexes 3 and 4) • The project is essential for the commune • Works can be carried out using the HLI approach • Availability of workers at the local level • Availability of materials required for the works	Approval based on the following criteria (see Annex 2 for details) : • Site eligibility criteria; • Site prioritization criteria; • Project eligibility criteria; • Project prioritization • The conditionality criterion; • The existence of a technician, provision of office space in the communal offices, and the support of the people) before execution of the project	WFP food aid is reserved for rural communities in areas that are most vulnerable to chronic natural disasters such as droughts and acridian invasions in the south, cyclones, and flooding in the east and southeast

Source: FID, ILO, ONN, CCPREAS, WFP.

4.8. Technical Supervision of Works

In the case of Agencies that use EAs, technical supervision of works is carried out by the EA. The Agencies conduct, in particular, unscheduled inspections, carried out by either their local or central level technical team, or by a private firm (Table 15).

In the case of works carried out by state-controlled agencies, these very agencies are responsible for the technical monitoring of works. These situations concern international NGOs such as CARE and CRS.

Our previous report, which was drafted in June 2007, made mention of the fact that the quality of HLI work varies considerably, depending on the level of engagement and experience of the executing agency (EA). It revealed that the experienced EAs that are well established in the intervention zone (associations that often have a social objective) make every effort to ensure the success of these small-scale projects. However, there are other less experienced, poorly performing EAs that have no social relationship with the target population. The awarding of HLI contracts to this latter category of EAs contributes to their survival. A number of basic rules pertaining to simple technology were not applied to this category of intermediaries, thus shortening the lifespan of the works. The effects of these projects were no longer visible after a few months, and the population was incapable of maintaining them.

Table 15: Technical Supervision of HLI Work by Agency

Agency	Entity Responsible for Technical Supervision of Works
FID	• The EA is responsible for on-site technical supervision of works • The inspection conducted by the FID technical team is usually carried out once during execution of the works
ONN	• Worksite supervisors and team leaders are responsible for daily technical supervision of the works • In general, the PSN Unit's technical team performs inspection and monitoring activities on a weekly basis
CCPREAS	• The EA is responsible for daily technical supervision of the works • The CCPREAS is responsible for technical inspection of the project; this responsibility may also be assigned to consulting firms
ILO	• Daily on-site technical supervision is carried out by the MRL-HLI Association appointed as the EA • Technical inspection is carried out by the ILO office located in Taolagnaro
WFP	The village group appoints, under the auspices of the partner ONG, a committee tasked with organization, monitoring of works, and food management. This committee will maintain an updated log to record attendance and periodic distribution to participants

Source: FID, ILO, ONN, CCPREAS, WFP.

V. Problems with HLI Projects and Proposed Solutions

The assessment [and] implementation of HLI projects in Madagascar encounter design and implementation problems (methodological approach, quality of the assets created, etc.), as well as deficiencies in both the information system and the project monitoring and evaluation system.

5.1. Design and Implementation Problem

We will not embark upon a discussion here of the strict or expanded definition of an "HLI public works" program. A definition of the HLI Social Protection (SP) program and HLI development is proposed in the 2007 study by Johnson, Van Imschoot, and Andrianjaka, while another study[10] makes reference to the professional HLI and safety nets. The common features of all the HLI programs identified in Madagascar are job creation and the rapid transfer of revenue (except in the case of the FFW program for this last point where food is distributed).

The problems encountered pertain rather to the wages paid by a number of HLI projects. Indeed, self-selection by the poor is not a guarantee, given that wages paid for HLI projects are higher than the labor market rate. The effectiveness of HLI projects to reduce poverty is lower if the beneficiaries are not the poorest or do not belong the most underprivileged groups. The 2007 National Strategy for Risk Management and Social Protection includes the strategies most frequently adopted by Malagasy households in the aftermath of a shock (see Table 16). It bears noting that "there was more of a tendency for the most affluent households to declare that they were working on HLI projects in order to withstand the shocks, which could account for the higher level of competence among the wealthier and better educated households in competition for limited HLI jobs."

[10] "Intégration de l'emploi dans le processus de programmation, de sélection, d'exécution et de suivi des investissements publics" [Integration of Employment into the Programming, Selection, Execution, and Monitoring Process for Public Investments], M. Ratolojanahary and R. Raberinja, ILO, April 2007.

Table 16: Household Response Strategies According to Poverty Level

	Poorest	Q2	Q3	Q4	Wealthiest	Total
Worked more	47.2	43.6	43.5	40.3	34.3	40.9
Reduced food consumption	20.2	20.7	22.3	22.8	24.4	22.4
Did nothing	17.1	17.8	19.5	18.3	23.8	19.8
Sold cattle	3.9	4.9	3.8	4.3	1.4	3.5
Spent savings or investments	2.1	1.6	2.6	3.4	4.3	3.0
Stopped consuming certain goods or using certain services	2.1	2.9	2.5	2.1	3.0	2.6
Worked in public works (HLI)	1.7	1.9	1.5	3.0	2.5	2.2
Sold harvests ahead of time	0.7	1.2	0.8	1.3	1.8	1.2
Other family members worked	2.2	0.9	0.8	0.8	0.7	1.0
Obtained a loan from a friend	0.6	0.6	0.6	0.8	0.8	0.7
Obtained a loan from a family member	0.5	0.7	0.3	0.3	0.4	0.4
Sold other assets	0.2	0.2	0.3	1.0	0.3	0.4
Secured a loan from a bank or a mutual association	0.0	0.4	0.0	0.2	0.6	0.3
Remarks: Other responses such as loans from other persons, sale of jewelry, rental of land, sale of land or houses, and the sale of equipment were all negligible, accounting for less than 0.1% of the responses.						

Source: INSTAT/DSM/EPM 2004.

In view of the lack of data on the beneficiaries at the individual or household level, Ravelosoa and Key (2004) presented an impact analysis of the HLI projects implemented by the FID and the WFP, by comparing the spatial distribution of program expenditures per district to the poverty map. Although subject to limitations,[11] their analysis reveals that WFP programs redistribute resources to the poor and FID projects appear to focus more on the worst performing districts (see Table 17). According to Ravelosoa and Key, distribution of the FID budget could be explained by the fact that the FID reaches communities through executing agencies that are not equitably distributed from a geographical standpoint.

Table 17: Impact of Emergency HLI Projects (As Responses to Natural Disasters)

Classification of Districts Based on the Observed Poverty Rate	Q1	Q2	Q3	Q4	Q5	Total
WFP	26.9%	26.5%	24.2%	22.4%	0.0%	100.0%
FID (Social Protection)	14.0%	14.3%	10.0%	13.1%	48.7%	100.0%

Source: Ravelosoa and Key, 2004. Méthode: comparaison de la distribution des budgets de programme avec a carte de pauvreté par la zone [Method: comparison of the distribution of program budgets with the poverty map by zone].

In most cases, the length of time spent by workers on HLI projects is too short to help reduce the vulnerability of poor households. During project visits, the number of persons seeking jobs was found to be much higher than jobs available. As a result, a rotating system was used almost

[11] A number of the households in the poor districts are above the poverty line and vice versa. Moreover, it is possible that all (or none) of the benefits of the program actually reach the poor in the districts.

everywhere in order to provide employment opportunities to as many of the poor as possible (Johnson, Van Imschoot, and Andrianjaka, 2007).

We would also like to raise the issue of the quality of infrastructure constructed and/or repaired through HLI projects. Indeed, a rapid maximum transfer of revenue to the workers should not diminish the quality of the infrastructure provided. Implementation of HLI projects requires the use of local resources, namely materials, workers, EAs, and a users' association, and consequently a high degree of ownership by the local community, which has an impact on the sustainability of the infrastructure. Our site visit in 2007 revealed that a number of EAs lacked the technical capacity needed to supervise HLI projects. The HLI approach was also used for large-scale projects (repair of old national roads or provincial roads in very poor condition). As soon as they were repaired, these roads were used by heavy-duty vehicles (higher traffic loads), thereby negating all the work done.

5.2. Deficiencies in the Information and Monitoring and Evaluation Systems

One of the difficulties encountered during the conduct of this study was data collection. Indeed, almost all the agencies were without a reliable information system capable of providing, within a short time period, the information required based on the needs of the studies. An effective information system must provide all the information on all stages of the HLI project, namely design, implementation, and monitoring and evaluation. A number of the agencies have incomplete information, and the available information is limited to general data focusing on financial information and technical data (kilometers of roads or dirt roads, length of irrigation canals, etc.).

The documents of agreement between the financing agencies and the EAs do not provide the EAs with a table to be completed, in order to facilitate monitoring, for example, of the socioeconomic situation of the workers (it is therefore not known if the poorest workers were targeted or not).

The table or form used in this study was sent to the agencies, and the majority of them were unable to completely fill in the information requested. One of the reasons cited was the unavailability of certain types of information at the central level. An in-depth assessment nonetheless revealed that the problems stemmed from the lack of a computerized information system. Most of the data were found in hard copy reports prepared by the regional offices. There is no complete database on the actual status of HLI projects.

All of the foregoing has a negative impact on the assessment of HLI projects in Madagascar. While an assessment could certainly be conducted by independent entities, each agency should have its own internal monitoring and evaluation system, which will require a well-designed information system.

When the agencies outline the objectives and expected outcomes at the beginning of the project and its achievements at the end, concerns arise over the source of the data used to measure the indicators identified for monitoring these outcomes. It was also noted that a number of agencies were monitoring only activities and not outcomes. Indeed, the notion of "outcome" requires a describable or measurable change derived from a cause and effect relationship, and in other

[cases], a change in development conditions, which is found at the output, effect, or impact level. For example, measurement of the reduction in the vulnerability of HLI project workers requires data on their pre-and post-HLI project income.

Despite the various recommendations outlined in previous studies, the establishment of an HLI Unit has not, to date, taken place. As a result, there is no entity in place responsible for centralization of data on HLI programs in Madagascar. As was previously mentioned, an analysis of HLI programs requires considerable data collection. Despite the fact that the introduction of the HLI system is proposed in the MAP (Commitment 5 - Challenge 7 - Strategy 4; and Commitment 6 - Challenge 3 - Priority Activity 7) and the National Employment Support Program [*Programme National de Soutien à l'Emploi*] (Operational Outcomes 5.4), monitoring of its implementation still warrants clarification.

5.3. Recommendations

Our assessments identified a number of problems or determinants that hobble efforts to enhance the effectiveness of HLI programs to address poverty and vulnerability in Madagascar.

Our recommendations will focus on the improved harmonization and coordination of HLI interventions; geographic targeting and choice of HLI projects; wage level and duration of HLI work; and the establishment of an information system that will serve as an effective tool for the monitoring and evaluation system for the objectives and expected outcomes.

(i) Improved Harmonization and Coordination of HLI Projects

The analysis of HLI projects provided in this article shows that various entities are involved in the design and execution of projects in an uncoordinated manner. Each agency seeks to achieve different objectives through HLI projects and apply different criteria for the determination of the wages for the programs on one hand, and the selection of workers, project intervention sites, and executing agencies on the other.

In order to become an effective national social policy mechanism for responding to highly vulnerable situations in Madagascar, HLI interventions should be harmonized through application of the same criteria and standards across the board. As underscored in the 2007 SNGRPS, an effort should be made, in the short- and medium-term, to clarify and harmonize the objectives and criteria (such as wage levels, intervention zones, intervention triggers, and annual reports) with respect to current HLI programs. A common manual of procedures used by all relevant agencies would be the logical complement to a clear HLI national policy.

Moreover, it is important to develop common criteria and standards for the selection of executing agencies (when there is a need to subcontract execution works), by ensuring that there is sufficient technical capacity to perform and supervise works for high-quality infrastructure construction. The managerial and technical capacities of inexperienced EAs should be strengthened through simple short-term training programs with, where applicable, on-site training. Indeed, it is essential for EAs to become more professional over time in this area, in

view of the fact that natural disasters are a permanent feature in several coastal areas and in the south. A core group of effective EAs would be an asset to the country.

The capacity of the Government and its decentralized units to coordinate HLI project execution should be reviewed and enhanced in order to ensure that interventions are effective and consistent.

(ii) Geographic Targeting and Choice of HLI Projects

Better targeting of the poor calls for refinement of the poverty map during the identification phase of the intervention zones. The selection of intervention sites already poses a number of problems, owing to the lack of a preliminary study on the poverty and vulnerability situation in intervention zones. The poor are generally the most vulnerable members of society, because they are often more exposed than the rest of the population to all types of risk, and are the least able to use the appropriate risk management tools. It is virtually impossible to minimize the risks they face through preventive measures, as these measures are not within the reach of the individual, the household, or, in many cases, the community. Informal risk management systems that can be used by an individual are effective only in the case of a less serious problem faced by a specific household; they tend to lose all usefulness when the entire community is overwhelmed by a shock. The poor, therefore, have no choice but to adjust their behavior to the situation, and it is under these conditions that there are cases of children being withdrawn from school, and the "selling off" of assets in addition to the actual reduction in food consumption, all of which jeopardize their future earning capacity and plunge them deeper into poverty, and even extreme poverty.

Table 18 provides a picture of the geographical location of the most vulnerable populations, which should guide the selection of the zones where public works should be undertaken. As was previously mentioned, the most vulnerable populations are found in isolated areas with substandard infrastructure, and typically in rural areas.

Table 18: Overview of Priority Vulnerable Populations – Geographical Criteria

Geographical Vulnerability Indicators	Number of People Affected	Poverty Rate
Rural Areas	13,321,000	77%
Communes with Low Infrastructure	3,979,000	88%
Red Zones	2,096,492	73%
Remote Communities (access only by foot)	1,739,102	87%
High Poverty Regions: Fianarantsoa Mahajanga	 3,633,000 1,903,000	 86% 85%
Victims of Climate Shocks (1999-2001)	13,784,455	73%

(1) The rural area of Antananarivo should be excluded from this due to lower poverty rates.
Source: "Gestion des risques nationale et stratégie sociale de protection" [National Strategy for Risk Management and Social Protection, 2007].

A key objective is to focus on "appropriate targeting of the beneficiaries to avoid very sharp increases in expenses and distortion in the goods and services markets."[12] The validation workshop on strategic options for social protection considered at least seven[13] variables that go beyond the concern of promoting the allocation of infrastructure for the communities, and guarantee the effective coverage of vulnerable groups and social risk management. These variables are as follows:

- Identify the types of risks that could undermine the standard of living;
- Determine the appropriate type of intervention that is commensurate with the scope of the risk;
- Identify the intervention zone and the geographical area;
- Identify the target group, that is, the group vulnerable to the shocks demarcated by the intervention zone;
- Identify the beneficiaries, that is, all persons benefiting from the social protection in question;
- Calculate the rate of coverage: beneficiary/target group percentage ratio; and
- Calculate the unit cost for social protection that can be broken down into intervention cost, administrative cost, and transportation cost.

In light of this consensus and the circumstances observed at the projects visited, it seemed more appropriate to ensure consistency with respect to the implementation period for HLI projects, the intervention zone, the very vulnerable persons in question, the type of project to be implemented, and the sudden expansion of the related budget, in order to ensure better targeting. All these variables are therefore correlated for increased effectiveness.

Table 19: Table for the Identification of Appropriate HLI Work for Each Community

Community: _____

Risk Management Cycle	**Mitigation**		**Preparation**		**Shocks**		**Rescue/ Emergency**		**Repair/ Reconstruction**	
Period										
Types of Risks										
Considered Challenges/ Intervention Targets										
Gender Participation										

[12] Source: Summary of the works at the validation workshop on strategic options for social protection, Antananarivo, May 10 and 11, 2005. *Presentation made by Ms. Brigitte Lalasoa Randrianasolo, Director General for Population and Social Protection and President of the technical social protection group, during the closing of the workshop.*

[13] "*Safety Net Programs in Madagascar: Strategic Issues and Options,"* Julia Rachel Ravelosoa and Roger Key, Consultants, Human Development 2, Africa Region, World Bank, June 2004.

Types of HLI Activities										
Budgetary Consideration										

The development of this table is based on the very notion of social protection. According to the SGRPS, social protection includes all government interventions that seek to provide assistance to the poorest and most vulnerable in the society, and help individuals, households, and communities to better manage risks pertaining to loss of income or capital. It seeks to:

- Reduce the vulnerability of low-income families with respect to their consumption and access to basic services;
- Mitigate the considerable income fluctuations for families during their lifetime; and
- Ensure greater equality in the population with respect to the risk of shocks and their impact.

Moreover, selection methods for intervention sites and projects proposed by the ILO in its Communal HLI Program (see Annex 2 for details) could be used and introduced on a wide scale. Indeed, the poverty map for the Anosy region was drawn at the start of the Communal Program in order to target the intervention sites and the projects to be executed. The rating scales will therefore be tailored to local contexts.

The role of local communities in the selection and construction of infrastructure required by HLI projects is critical for the sustainability of assets created. Community involvement in the selection of projects to be undertaken has manifold advantages. First, such participation will result in the establishment of infrastructure for which the community has the greatest need. Second, it creates ownership by the community of the assets created, which could lead to site supervision during execution of the project and subsequently to improved maintenance (Del Ninno, Milazzo, and Subbarao, upcoming publication).

(iii) Wage Level and Duration of HLI Work

International literature on the design of public works programs affirms that hourly wages must be higher than market wages for unskilled manual labor in agriculture or the informal sector during a normal year in which the program is launched (Ravallion, 1999). One problem raised was the creation of a dysfunction in the labor market with the introduction of competition between HLI jobs and another segment of this labor market. The wage level can be adjusted to suit local socioeconomic conditions, but should always be lower than the corresponding market segment.

Establishing a uniform rate for HLI work in all regions in Madagascar is not appropriate if the primary objective is self-selection of the poor. Indeed, the wages paid for HLI projects in the SAVA region (the “rich” region) should not be the same as that used in the Androy region (the “poor” region), and the study conducted based on the 2005 EPM survey shows this difference in wages on the labor market (see Table 20).

The EPM data already provide a snapshot of the labor market in the region; however, improvements to the study on the local wage market (commune or *fokontany*) are recommended in accordance with the financial resources available to the commune.

Table 20: Average Annual Wages by Socioprofessional Category and Region (in Ariary)

Region	Senior and Middle Managers	Skilled Worker or Employee	Unskilled Worker
Analamanga	4,509,034	1,468,893	636,123
Vakinankaratra	2,077,201	1,082,520	337,327
Itasy	1,610,404	1,028,891	327,605
Bongolava	1,395,287	928,392	359,220
Mahatsiatra ambony	2,080,576	1,139,583	604,777
Amoron'i Mania	1,442,783	975,067	309,831
Vatovavy Fitovinany	1,482,679	1,184,273	326,536
Ihorombe	2,447,296	1,283,368	594,899
Atsimo Atsinanana	1,730,467	944,488	322,561
Atsinanana	2,680,670	1,086,169	509,073
Analanjirofo	1,419,604	741,876	190,320
Alaotra Mangoro	1,604,373	1,177,127	491,988
Boeny	2,229,835	1,392,548	657,498
Sofia	1, 809,250	1,093,094	501,928
Betsiboka	2,880,532	1,040,605	459,077
Melaky	2,112,082	1,533,139	473,699
Atsimo Andrefana	1,973,286	998,185	364,989
Androy	1,748,638	722,731	600,294
Anosy	3,346,686	1,449,179	433,823
Menabe	3,396,698	1,303,937	478,052
DIANA	1,516,032	1,335,789	765,360
SAVA	2,723,052	1,335,155	617,134

Source: Results of the 2005 EPM, INSTAT

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(iv) Improved Monitoring and Collection of Data to Assess the Impact of HLI Projects

As already indicated, the absence of a system for reviewing detailed information collected on HLI projects (breakdown of figures on wages, materials, and other input costs; household data, etc.) makes it impossible to analyze and assess the impact of these interventions.

A system for monitoring and evaluating outcomes should be established in order to facilitate the systematic evaluation of programs and identify problems and areas for improvement, with a view to strengthening further the social protection system.

Recommendations outlined herein include the collection of data on HLI project workers; data on the impact of HLI projects; and alignment with the National Statistics Development Strategy (SNDS) and the MAP National Integrated Monitoring and Evaluation System (SNISE).

✓ *Data on HLI Project Workers*

Johnson, Van Imschoot, and Andrianjaka (2007) proposed the use of a standard survey form to measure the impact of a cash infusion on the vulnerability of workers and their households. This form could therefore include the following information:

- Sociodemographic information on the worker and members of his or her household;
- The income earned by, and number of work days for, a worker at the job held prior to participation in the HLI project (with a view to measuring opportunity cost); and
- Income earned for work subsequent to the HLI project (by drawing a comparison between his or her household consumption level and the real transfer received through the HLI project).

✓ *Data on the Impact of HLI Projects*

The introduction of performance indicators is necessary to assess the various aspects of a project/program, namely inputs, processes, outputs, outcomes, and impact.[14] Thus, the development of a logical framework or a clear monitoring and evaluation framework is essential, and should also define the performance indicators.

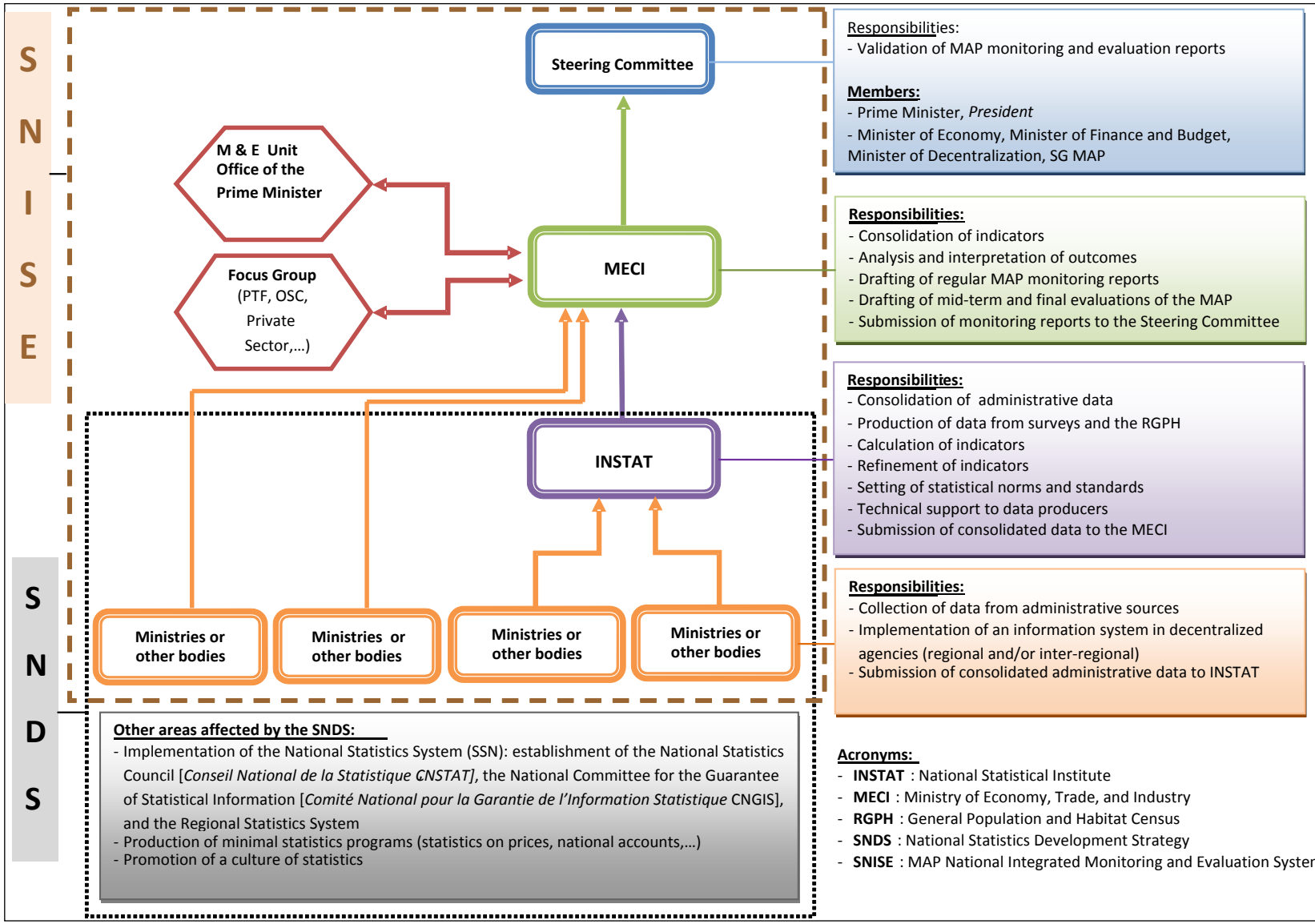
✓ *Alignment with the National Statistics Development Strategy (SNDS) and the MAP National Integrated Monitoring and Evaluation System (SNISE)*

The SNDS, which was validated in December 2007, is a framework for the alignment and development of national statistical activities in Madagascar and seeks to transform the National Statistics System (SSN)[15] into a coherent and coordinated group. HLI program actors should belong to the SSN in order to benefit from the harmonization provided for in the SNDS, as well as from an integrated database (through the SSN portal). Moreover, the SNISE, which is currently being finalized, will facilitate monitoring of the implementation of the MAP through the various outcome indicators of the information system (or network) for their calculation. The SSN will therefore serve as the main partners for implementation of the SNISE.

[14] "*Monitoring and Evaluation: Tools, Methods, and Approaches,*" World Bank, 2004.

[15] The SSN refers to all the stakeholders who contribute to the collection, processing, analysis, publication, dissemination, and use of statistical information (supplier, producer, and user of statistical information).

Diagram: Operational Chart - SNISE and the SNDS



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ANNEXES

Annex 1: List of Projects Visited in 2007

Project N°	Title of the HLI Project	Design Agency	Source of Financing	Location
1	Repair of bund and cleaning of canal in north Ankazomanga	FID	IDA	Analamanga
2	Paving and repair of 730 ml of roads (Belamonty - Antaninarenina)	ILO	NORAD	Anosy
3	Paving works for an alley	ILO	NORAD	Anosy
4	Repair works for 260 ml of road with elimination of a critical point	ILO	NORAD	Anosy
5	Rehabilitation of the irrigated zone in Vohitsivala	CARE International	European Union	Anosy
6	Maintenance works on the north Erakoka Zanavo road	FID	IDA	Androy
7	Maintenance works on roads in Ambovombe	FID	IDA	Androy
8	Maintenance works on the Tananysoa – Tsiteno road	FID	IDA	Androy
9	Clearing of the road linking Ambohitsivalana to Ambohimalaza	FID	IDA	SAVA
10	Repair of the north Ankiakabe road in Ambodimanga	CARE International	European Union	SAVA
11	Clearing of a road linking the Farahalana – Antsiharborara *fokontanies*	FID	IDA	SAVA
12	MOASAVA - Projects related to national road 5a and Antalaha	CARE International	European Union	SAVA
13	Indlala Emergency Program	CARE International	ECHO Fund, WFP, USAID	SAVA
14	Dredging of the Antsahabe stream and cleaning of the mud pit along the Ambanja – Benavony road	FID	IDA	DIANA
15	Repair of an irrigation canal, Mantaly	ONN	Malagasy Government	DIANA

Annex 2: ILO Eligibility and Prioritization Criteria for Communal HLI Sites and Projects

1- Site Eligibility and Prioritization

1.1. Site Eligibility

The key objective is to identify, along with the mayors, the poor *fokontanies* in the communes and to measure on site, using established criteria, poverty intensity in these selected *fokontanies*, as well as the level of commitment and support from communal authorities for the HLI program. The most important aspect is the selection of the *fokontanies* by the communal authorities who are knowledgeable about the socioeconomic situation in these administrative entities. An on-site verification based on the following indicators must then be conducted:

- Number of persons with no fixed employment, in relation to the working population in the *fokontany*;
- Daily wage rate in the *fokontany*;
- Percentage of single-parent households;
- Percentage of children not attending school;
- Accessibility;
- Access to drinking water; and
- Precarious nature of housing (flood prone, unhealthy areas, liable to be evicted).

1.2. Site Prioritization

The prioritization form lists five criteria, with twenty-one indicators, and two conditionality criteria:

- Scope and depth of poverty;
- Commitment of the population (participation in works);
- Capacity to assume responsibility for management of the infrastructure;
- Existence of intermediary associations; and
- Existence of several HLI subprojects.

Each indicator receives a score out of three points based on the data collected on site: one point was awarded for the least favorable situation; two points for an average situation; and three points for the most favorable situation. However, in the case of sites where infrastructure or repair work was carried out under the previous communal HLI project, non-compliance with the maintenance clauses was considered: the score ranged from one to six (see No. 19 in the table below). With respect to that indicator, sites that have not yet benefited from communal HLI projects were awarded maximum points.

The detailed rating system is as follows:

• **(i) " Scope and Depth of Poverty" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(1) Children benefiting from the nutrition recuperation program	Number of beneficiary children/ Number of children in the *fokontany* (%)	< 22% 1 pt = 22 % 2 pts > 22% 3 pts
(2) Number of single-parent families	Number of single-parent families/Total number of families	< 24% 1 pt 24%–26% 2 pts > 26 % 3 pts
(3) Number of unemployed persons	Number of unemployed persons /Population of the Fokontany (%)	< 18% 1 pt 18%– 20% 2 pts > 20% 3 pts
(4) Daily wages (excluding development projects)	Daily wages	> Ar 1500 1 pt = Ar 1500 2 pts < Ar 1500 3 pts
(5) Number of youth dropouts	Number of youth dropouts/Number of school age youths (%)	< 54% 1 pt 54%– 56% 2 pts > 56% 3 pts
(6) Level of security	Three levels	Normal 1 pt Average 2 pts Low 3 pts
(7) Accessibility	Degree of isolation	High 1pt Average 2pts Low 3pts
(8) Number of basic primary schools [*Ecole Fondamentale du Premier Cycle* EFPC] and private schools	Number of schools in the *fokontany*	> One 1 pt One school 2pts None 3 pts
(9) Number of basic health centers (CSBs) and private hospitals	Number of health centers in the *fokontany*	> One 1 pt One center 2 pts None 3 pts
(10) Number of standpipes or wells	Number of standpipes or wells in the Fokontany	> One 1 pt One standpipe 2 pts None 3 pts
(11) Number of private latrines	Household facilities in the *fokontany* (%)	> 6% 1 pt < =6% 2 pts 6% 3 pts
(12) Housing in precarious areas (flood-prone, unhealthy, liable to be evicted)	Direct percentage estimated by the researcher	< 30 % 1 pt 30%– 60% 2 pts > 60% 3 pts
Overall Score		**12– 36 pts**

• **(ii) " Commitment by the Poor to the Construction of HLI Infrastructure" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(13) Commitment by the population to work for the construction of infrastructure	Direct on-site survey	No 1 pt Yes 3 pts
Overall Score		**1– 3 pts**

• **(iii) "Capacity to Assume Responsibility for the Management and Maintenance of Community Infrastructure" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(14) Number of communal technicians	Communal indicator to be applied to each *fokontany*	No technician 1 pt 1 technician 2 pts +1 technician 3 pts
(15) Number of employees responsible for maintenance (irrespective of specialty)	Communal indicator to be applied to each *fokontany* Number of employees	No employees 1 pt Temporary employee(s) 2 pts Permanent employee(s) 3 pts
(16) Infrastructure maintenance budget	Communal indicator to be applied to each *fokontany* Maintenance budget per resident	< Ar 300 1 pt = Ar 300 2 pts > Ar 300 3 pts
(17) Contribution to investment in recent or ongoing projects	Communal indicator to be applied to each *fokontany* Direct on-site survey	No 1 pt Yes 3 pts
(18) Self-financing of basic infrastructure	Communal indicator to be applied to each *fokontany* Direct on-site survey	No 1 pt Yes 3 pts
(19) Contribution to the maintenance of infrastructure in the *fokontany*	Communal indicator to be applied to each *fokontany* Direct on-site survey	No 1 pt Limited 3pts Yes 6 pts
Overall Score		**6– 21 pts**

• **(iv) "Existence of Structured Associations Capable of Assuming Responsibility for the Project" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(20) Associations or committees to ensure sustainability of project activities	Direct on-site survey	No 1 pt Yes 3 pts
Overall Score		**1– 3 pts**

• **(v) "Coexistence of Several HLI Projects" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(21) Coexistence and integration of projects proposed by the mayor	Communal indicator to be applied to each *fokontany* Direct on-site survey	No 1 pt Yes 3 pts
Overall Score		**1– 3 pts**
Overall Total – Site Prioritization		**20– 66 pts**

- Project Conditionality Criteria: A firm commitment from the communes is required; they will therefore be verified once the "Project Sites" list has been prepared. These criteria are as follows:
  - Assignment of a communal technician (or a skilled person); and
  - Provision of office space in the communal offices.

  The conditionalities for educational institutions are:
  - Compliance of the location with the MENRS education policy;
  - Ownership of the land where the school is constructed;
  - Accessibility to the school;
  - Safety of the location of the new buildings;
  - Available surface area;
  - Commitment by the beneficiaries to the execution of construction support works;
  - Commitment by the beneficiaries to the establishment of a maintenance committee within FRAM; and
  - Commitment by the beneficiaries to financing maintenance.

2. Project Eligibility and Prioritization

2.1. Project Eligibility

The project must be located in a selected *fokontany*, and HLI feasibility must be assessed—in other words, the possible execution of works using the HLI approach and its coherence with the PCD or the City Plan. A project is deemed **eligible** if the three responses to the questions are in the affirmative (location, HLI feasibility, and coherence with development plans or with complementary projects).

Remarks:

- *A project is considered feasible in accordance with the HLI approach if the labor component is significant or if the "labor and materials" components are significant. Projects that require transportation, spraying, and compacting equipment will, a priori, be ruled out, except where the commune assumes responsibility for transportation.*
- *An ineligible project can rule out a selected fokontany, if it is the sole project identified in this fokontany.*

2.2. Prioritization of Projects

The prioritization form lists four criteria with twelve indicators, to which conditionality criteria are added.

The first two criteria seek to gauge the level of commitment of the commune (or the *fokontany*), as well as its contribution to communal development.

The socioeconomic criterion measures the expected impact of the project on the beneficiary population.

The technico-economic criterion verifies compliance of the project's objectives with respect to the creation of temporary jobs, the cost of the project, and responsibility for maintenance.
Once the project sites list has been prioritized, the conditionality criterion seeks to verify public support in the beneficiary *fokontany*. This criterion will be verified at the same time as the project's conditionality criteria, following approval of the project sites list by the Steering Committee and before the launch of the technical studies.

These three criteria (presence of a technician, provision of office space in the communal offices, and the support of the population) must be met before the project is executed.

The rating system is as follows:

- **(i) "Institutional and Development" Criterion**

Indicator	Indicator Measure	Rating	
(1)) Integration into the PCD or the City Plan or Network Coherence	Existence of a Communal Development Plan and inclusion of the project in this PCD	No Yes	1 pt 3 pts
(2) Inclusion in a group of projects	Two levels	No Yes	1 pt 3 pts
Overall Score		**2– 6 pts**	

• **(ii) "Participation" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(3) Participation of the commune or *fokontany* in the construction of infrastructure	Responsibility for one or several of the project's components, with the exception of labor (materials, etc.)	No 1 pt Yes 3 pts
Overall Score		**1– 3 pts**

Remarks: P articipation will be confirmed during the on-site mission that will be conducted following approval by the Steering Committee; this mission will also verify compliance with the conditionality criteria (*given that transportation* is an essential component, it is not included as an indicator measure; this point will also be verified during the on-site mission).

• **(iii) "Socioeconomic " Criterion**		
Indicator	**Indicator Measure**	**Rating**
(4) Creation of temporary jobs	Number of work days for execution of the works (Estimate)	< 1500 work days 2pt 1500–3500 work days 3 pts 3500– 9500 work days 4 pts > 9500 work days 5 pts
(5) Creation of permanent jobs	Number of permanent* jobs created for infrastructure maintenance (Estimate)	< 0.5 jobs 1 pt 0.5–1.5 jobs 2 pts > 1.5 jobs 3 pts
(6) Income distributed to each beneficiary	Wage bill/number of beneficiaries	<Ar 1,100 1 pts Ar 1,100–3,600 2 pts Ar 3,600–11,200 3 pts > Ar 11,200 4 pts
(7) Improved health /hygiene conditions	Three levels (Estimate)	Low 1 pt Average 2 pts High 3 pts
(8) Improved transportation (shorter travel times, ease of access)	Three levels (Estimate)	Low 1 pt Average 2 pts High 3 pts
Overall Score		**5–18 pts**

The results for indicators 4 and 6 (creation of temporary jobs and income distributed to each beneficiary) were grouped into four categories and ranked in ascending order: the first category includes projects with the lowest job creation potential and is awarded two points; the second category is allotted three points; the third is awarded four points; and the fourth group is allotted five points. Similarly, the first category, which pertains to the lowest per beneficiary income, receives one point, and so forth.

*The creation of permanents jobs, which refers solely to routine infrastructure maintenance, is based on the following annual productivity levels:

- Road/Alley/Causeway : 1 road maintenance worker for 2 km
- Canal, lake : 1 worker for 600 ml
- Playing field, market : 0.5 workers per field
- Latrines : 1 worker per unit
- Wells : 0.5 workers per well

An on-the-ground assessment of the beneficiaries' standard of living was conducted during visits to the communes.

• **(iv) "Techico-Economic" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(9) Labor Coefficient	Labor/(Materials + tools + transportation) (%)	> 46% 5 pts 36%– 46% 4 pts 20%–36% 3 pts < 20 % 1 pt
(10) Cost of the Project	Total cost of project /beneficiary	> Ar 32,500 1 pt Ar 10,500–32,500 2 pts Ar 4,500–10,500 3pts < Ar 4.500 4pts
(11) Miscellaneous Costs	Miscellaneous costs/Total cost of infrastructure (%)	5% 1 pt 2.25%–5% 2 pts 1.8%–2.25% 3 pts < 1.8% 4 pts
(12) Ease of maintenance	Technical complexity of maintenance; need for specialized worker or common laborer; need to purchase materials	Easy 3 pts Average 2 pts Difficult 1pt
Overall Score		**4–16 pts**
Overall Total – Project		**12–43 pts**
Overall Total – Project Sites		**32–109 pts**

The results are diffuse for indicators 10 and 11 (cost of the project and miscellaneous costs). As a result, the rating process groups the results into four categories and ranks them in descending order: the first category, which includes the most expensive per beneficiary projects, receives one point; the second category is awarded two points; the third is allotted three points; and the fourth is awarded is four points. Similarly, the first category, which includes the highest miscellaneous costs, receives one point.

*Miscellaneous costs include the rental of the compactor and the transportation of materials and tools covered by the project; they do not include the transportation of road materials, which is covered by the participating communes.

Conditionalities for execution of the project. The commune in question will be responsible for:

- The provision and transportation of the selected materials, sods, and potentially for water needed for construction of the infrastructure; and
- The negotiation and facilitation of access to supply sites and deposit sites for waste or non-reusable items.

No site will be opened unless 50 percent of the material needs have been provided to the site.

• **(i) " Scope and Depth of Poverty" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(1) Children benefiting from the nutrition recuperation program	Number of beneficiary children/ Number of children in the *fokontany* (%)	< 22% 1 pt = 22 % 2 pts > 22% 3 pts
(2) Number of single-parent families	Number of single-parent families/Total number of families	< 24% 1 pt 24%–26% 2 pts > 26 % 3 pts
(3) Number of unemployed persons	Number of unemployed persons /Population of the *fokontany* (%)	< 18% 1 pt 18%– 20% 2 pts > 20% 3 pts
(4) Daily wages (excluding development projects)	Daily wages	> Ar 1,500 1 pt = Ar 1,500 2 pts < Ar 1,500 3 pts
(5) Number of youth dropouts	Number of youth dropouts/Number of school age youths (%)	< 54% 1 pt 54%– 56% 2 pts > 56% 3 pts
(6) Level of security	Three levels	Normal 1 pt Average 2 pts Poor 3 pts
(7) Accessibility	Degree of isolation	High 1pt Average 2pts Low 3pts
(8) Number of basic primary schools [*Ecole Fondamentale du Premier Cycle* EFPC] and private schools	Number of schools in the *fokontany*	> One 1 pt One school 2pts None 3 pts
(9) Number of basic health centers (CSBs) and private hospitals	Number of health centers in the *fokontany*	> One 1 pt One center 2 pts None 3 pts
(10) Number of standpipes or wells	Number of standpipes or wells in the *fokontany*	> One 1 pt One standpipe 2 pts None 3 pts
(11) Number of private latrines	Household facilities in the *fokontany* (%)	> 6% 1 pt < =6% 2 pts 6% 3 pts
(12) Housing in precarious zone (flood-prone, unhealthy, liable to be evicted)	Direct percentage estimated by the researcher	< 30 % 1 pt 30%– 60% 2 pts > 60% 3 pts
Overall Score		**12– 36 pts**

• **(ii) " Commitment by the Poor to the Construction of HLI Infrastructure" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(13) Commitment by the population to work for the construction of infrastructure	Direct on-site survey	No 1 pt Yes 3 pts
Overall Score		**1– 3 pts**

• **(iii) "Capacity to Assume Responsibility for the Management and Maintenance of Community Infrastructure" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(14) Number of communal technicians	Communal indicator to be applied to each *fokontany*	No technician 1 pt 1 technician 2 pts +1 technician 3 pts
(15) Number of employees responsible for maintenance (irrespective of specialty)	Communal indicator to be applied to each *fokontany* Number of employees	No employees 1 pt Temporary employee(s) 2 pts Permanent employee(s) 3 pts
(16) Infrastructure maintenance budget	Communal indicator to be applied to each *fokontany* Maintenance budget per resident	< Ar 300 1 pt = Ar 300 2 pts > Ar 300 3 pts
(17) Contribution to investment in recent or ongoing projects	Communal indicator to be applied to each *fokontany* Direct on-site survey	No 1 pt Yes 3 pts
(18) Self-financing of basic infrastructure	Communal indicator to be applied to each *fokontany* Direct on-site survey	No 1 pt Yes 3 pts
(19) Contribution to the maintenance of infrastructure in the *fokontany*	Communal indicator to be applied to each *fokontany* Direct on-site survey	No 1 pt Limited 3pts Yes 6 pts
Overall Score		**6– 18 pts**

• **(iv) "Existence of Structured Associations Capable of Assuming Responsibility for the Project" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(20) Associations or committees to ensure sustainability of project activities	Direct on-site survey	No 1 pt Yes 3 pts
Overall Score		**1– 3 pts**

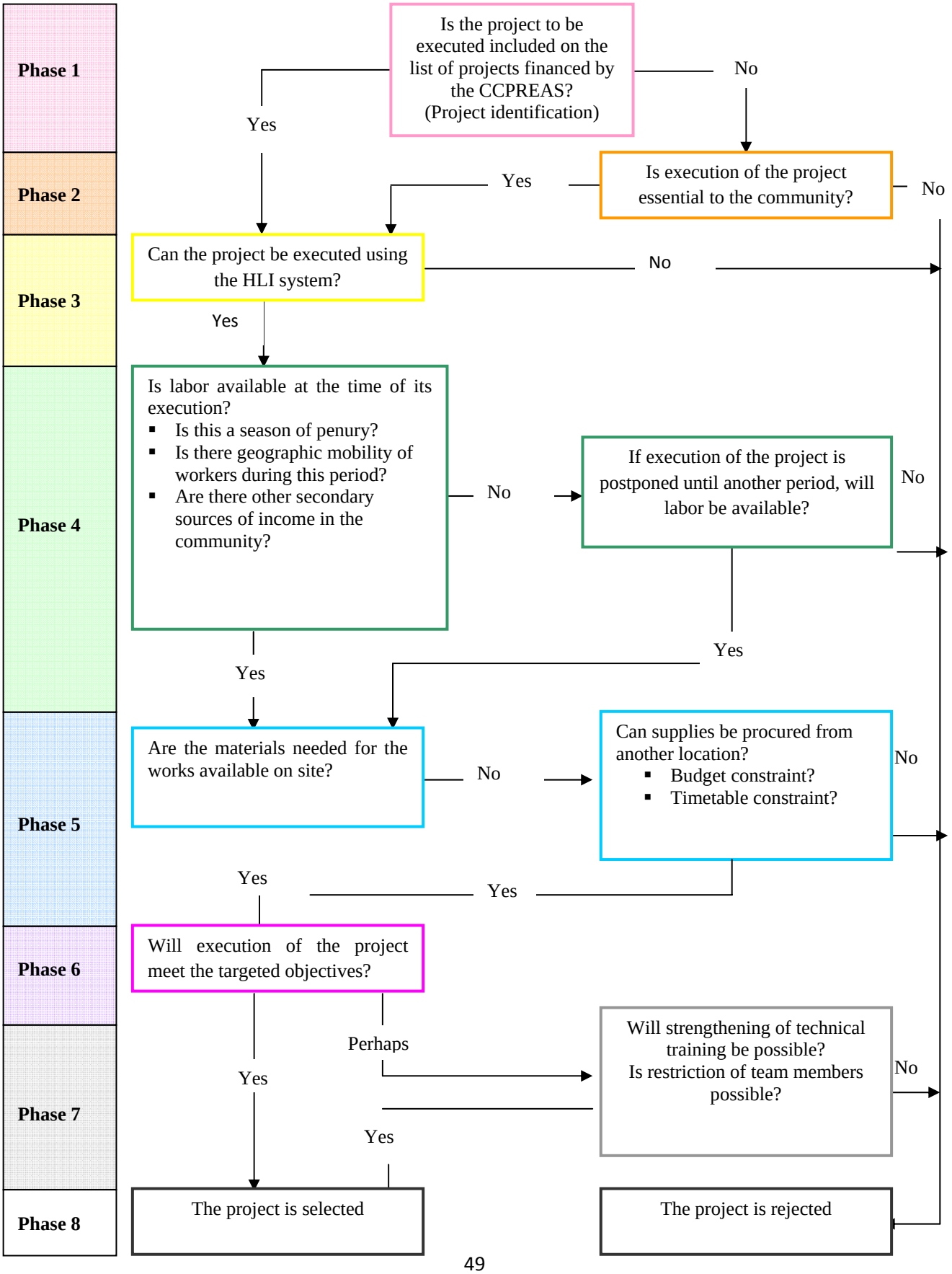
• **(v) "Coexistence of Several HLI Projects" Criterion**		
Indicator	**Indicator Measure**	**Rating**
(21) Coexistence and integration of projects proposed by the mayor	Communal indicator to be applied to each *fokontany* Direct on-site survey	No 1 pt Yes 3 pts
Overall Score		**1– 3 pts**
Overall Total – Site Prioritization		**21– 63 pts**

Annex 3: CCPREAS Eligibility Criteria for HLI Projects

ACTIONS/PROJECTS	TYPES OF ELIGIBLE PROJECTS	VALUE SCALES
Infrastructure	***(i) Access Infrastructure*** • Opening of roads • Repair of dirt roads or paved alleys • Construction of pedestrian paths • Construction of temporary pedestrian bridges • Construction of stairways • Repair of railways • … ***(ii) Social Infrastructure*** • Construction of standpipes and public wash basins • Construction of garbage bins • Construction of public latrines • Canal construction and cleaning works • … ***(iii) Productive Infrastructure***	- Cost: ≤ Ar 20 million - HLI projects: 70% of the total cost (minimum) - - Local Labor: 60% of labor (minimum) - Local Materials: 50% of materials used (minimum) - Number per site: 3 (maximum) - Dimension: Modest size not requiring the use of heavy materials (in accordance with the opinion of the relevant technicians) - Duration of works: ≤ 3 months - Nature of the works: construction, expansion, repair, maintenance, reinforcement, protection, cleaning…
Multipurpose Buildings	Building used as a training room, community center, cultural center, agricultural school	- Requirement: needs identified by faith-based organizations - Cost: ≤ Ar 100 million (maximum) - HLI projects: 70% of the total cost (minimum) - Local Labor: 60% of labor (minimum) - Local Materials: 50% of materials used (minimum) - Number per site : 1 per ecclesiastical constituency - Duration of works: ≤ 8 months - Nature of the works: construction, expansion, repair, maintenance…

ACTIONS/PROJECTS	TYPES OF ELIGIBLE PROJECTS	VALUE SCALES
Investments linked to environmental problems	• Campaign to protect the environment and the vegetation cover • Anti-erosion efforts • Reforestation	- Requirement: Risk zone from an environmental standpoint - Cost:≤ Ar 10 million - HLI projects: 80% of the total cost (minimum) - Local Labor: 70% of labor (minimum) - Local Materials: 90% of the materials used (minimum) - Number per site: 3 (maximum) - Dimension : modest size not requiring the use of heavy materials

Annex 4: Approval Process for an HLI Project for the CCPREAS



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High labor intensive (HIMO) public works programs have been very popular in recent years in Madagascar. They have been one of the most common safety net programs used in Madagascar to address poverty and vulnerability. The objectives of these programs are to provide income support to the poor after natural disasters and during seasonal agricultural employment slack period (soudure), and to improve much needed local infrastructures. This paper assesses the effectiveness of HIMO interventions in addressing the needs of poor and vulnerable households using the data from 15 projects implemented between 2006 and 2008 by several agencies. The main finding of this study is that despite their great potential, HIMO projects have shown the following limitations in the Madagascar context: a) lack of coordination among projects implemented by different agencies; b) ineffective targeting and poor selection of projects; c) lack of monitoring and supervision. The paper identifies four areas for improvement: a) better harmonization and coordination of HIMO projects to ensure consistency of approaches among interventions; b) better geographical targeting and selection of projects; c) setting the wage rate according to the local socio-economic conditions to promote self selection of the poor; d) better collection of information for monitoring and evaluation of the impact of projects.

HUMAN DEVELOPMENT NETWORK

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